

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 NEA-09

IO-10 H-02 L-02 PA-01 PRS-01 USIA-06 /099 W

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USADB

TREASURY FOR ZINMAN

E O 11652: ADS, DECLAS 12/31/76

TAGS: EAID, EFIN

SUBJ: ACCOUNT RELATIONSHIP WITH THE BANK FOR INTERNATIONAL  
SETTLEMENTS (BIS)

REF: A) TREASURY 113 (1974); B) MANILA 444 (1974)

SUMMARY: BANK'S DEPOSIT RELATIONSHIP WITH BANK FOR INTERNATIONAL  
SETTLEMENTS CURRENTLY HAS BOARD AUTHORIZED MAXIMUM CEILING OF US  
\$15,000,000. DUE TO INCREASING SIZE OF BANK'S INVESTABLE FUNDS,  
MANAGEMENT IS RECOMMENDING INCREASING DEPOSIT CEILING TO US\$30,000,00  
0.

USADB IS UNABLE TO AGREE WITH BANK'S RATIONALE SUPPORTING RECOMMEN-  
DATION AND REQUESTS GUIDANCE.

1. ADB DOC.R35-75 DATED 7 APRIL 1975 AND ENTITLED QUOTE ACCOUNT  
RELATIONSHIP WITH THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS)  
UNQUOTE POUCHED 10 APRIL. BOARD CONSIDERATION SCHEDULED 30 APRIL.

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2. DECISION TO OPEN DEPOSIT RELATIONSHIP WITH BANK FOR INTERNATIONAL  
SETTLEMENTS (BIS) WAS TAKEN DECEMBER 1967 WHEN BOARD ADOPTED RESOLU-

TION APPROVING ESTABLISHMENT OF TIME DEPOSIT ACCOUNTS WITH MAXIMUM AGGREGATE CEILING OF US \$5 MILLION EQUIVALENT. ORIGINAL RATIONALE FOR SETTING UP DEPOSIT RELATIONSHIP WAS TO ENABLE BANK TO TAKE ADVANTAGE OF SERVICES AVAILABLE FROM BIS FOR ITS CLIENTS. AMONG THESE WERE PROVIDING OF TIMELY MONETARY AND FINANCIAL INFORMATION AND SPECIAL WITHDRAWAL PRIVILEGE ON TIME DEPOSITS WITH ONLY 48-HOUR NOTICE.

3. IN JAN. 1974, BANK'S DEPOSIT CEILING WITH BIS WAS INCREASED FROM US\$5 MILLION EQUIVALENT TO US\$15 MILLION EQUIVALENT. BASIC REASONS FOR INCREASE WERE TO FURTHER STRENGTHEN BIS RELATIONSHIP WHICH HAD BEEN CONDUCTED IN SATISFACTORY MANNER AND TO PROVIDE FLEXIBILITY IN RECOGNITION OF GROWTH IN SIZE OF BANK'S INVESTABLE FUNDS IN INTERVENING YEARS.

4. PRESENT PAPER POINTS OUT THAT THERE WILL BE SUBSTANTIAL INCREASE IN SIZE OF BANK'S INVESTABLE FUNDS AS RESULT OF ACCELERATED BORROWING PROGRAM FOR 1975 AND THAT THERE IS NEED TO INCREASE DEPOSIT CEILING APPLICABLE TO INDIVIDUAL COMMERCIAL BANKS AS WELL AS TO BIS. DOCUMENT RECOMMENDS THAT NEW REQUEST CEILING FOR INDIVIDUAL BANKS OF US\$30 MILLION (ADB DOC.R34-75) SHOULD ALSO BE APPLIED TO BIS CASE AND THAT HENCEFORTH WHENEVER CEILING FOR INDIVIDUAL BANKS IS INCREASED, SAME SHOULD BE APPLIED TO BIS DEPOSIT CEILING WITHOUT FURTHER BOARD CONSIDERATION.

5. USADB FEELS THAT CURRENT CEILING OF UD\$15,000,000 IS ADEQUATE TO JUSTIFY SERVICES BEING OBTAINED BY BANK FROM BIS AND THAT ANY EXCESS INVESTABLE DOLLAR FUNDS SHOULD BE PERMITTED TO REMAIN WITH U.S. COMMERCIAL BANKS RATHER THAN BEING DIVERTED TO BIS. USADB FAILS TO SEE LOGICAL LINK BETWEEN CEILING APPLICABLE TO INDIVIDUAL BANKS AND BIS, AND DOES NOT AGREE THAT BIS CEILING SHOULD GO UP AUTOMATICALLY WITHOUT BOARD CONSIDERATION WHENEVER INDIVIDUAL BANK CEILING IS INCREASED. PLEASE ADVISE.

SULLIVAN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Review Action:** RELEASED, APPROVED  
**Review Authority:** RowellE0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUL 2003  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** ACCOUNT RELATIONSHIP WITH THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS)  
**TAGS:** EAID, EFIN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006